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War—With Butter

President Reagan and the allied leaders meeting in Williamsburg have an unparalleled opportunity waiting to be grasped. If they play their cards right, they can so cripple the Soviet Union economically that the Kremlin will have no choice but to cut back on its military spending.

One serious contributing factor in the Soviet economic mess is the huge percentage of the country's gross national product eaten up in the arms race. The Kremlin has reached the limits of its guns-and-butter balancing act.

The hawks in the Reagan administration hope to push the Russians beyond their economic capabilities by forcing them either to spend billions in response to our new weapons systems or to cry uncle and come to the negotiating table for serious disarmament talks.

How much better it would be all around to flip the other side of the coin and force the Kremlin to disarm by driving it to the wall economically. The president might even consider unleashing the CIA for a little covert action—on the economic front.

All it would take, really, is seeing to it that world oil prices stay down—or fall even lower. Aside from gold—whose price has also been depressed lately—the Soviet Union must sell oil for the hard currency it needs to buy grain and Western technology. The Russians are already undercutting OPEC prices in their desperation to keep the dollars and deutsche marks coming in.

The CIA allowed a hint of the Soviet's precarious economic situation—and its potential for exploitation by the West—to surface in a Special National Intelligence Estimate (SNIE, pronounced "Snee"). It's classified secret, but a copy was obtained by my associate Dale Van Atta.

In the 1970s, the report notes, "rapid increase in Soviet imports from the West . . . was made possible by large windfall gains in export earnings due to the surge in oil prices and the willingness of Western countries to provide large credits, most of which were government guaranteed."

But today the Soviet Union "is encountering growing economic difficulties, which will make it more difficult to increase its imports from the West in the future."

But there is one exception: natural gas.

"Moscow's best hope of improving its strained hard-currency position in the longer run is to secure the cooperation of Western Europe in building large new pipelines for the delivery of additional natural gas in the late 1980s or in the 1990s," the CIA concludes. "With enormous gas reserves and a powerful incentive to earn more hard currency, Moscow is prepared to sell as much gas as the West Europeans will accept."

The inevitable result? "Making Western military-related technology, subsidized credit and locked-in gas markets available helps the Soviet build military buildup," the CIA estimate warns.

On the other hand, the CIA explains, "shortfalls in Soviet hard-currency earnings . . . would force further cuts in imports of machinery and equipment." The report adds: "Moscow fears that reductions in food imports would cause popular unrest . . ."

In other words, selling the Russians grain doesn't help their military machine, it hurts it, by eating up precious hard currency that could otherwise go for guns.

Finally, the CIA points out, the combination of restricted Western technology exports and the Soviets' shortage of hard currency "would raise the cost of Soviet military modernization, while at the same time weakening the industrial base for military production."

Unfortunately, American business interests — many of them multinational corporations more loyal to the dollar than to the United States— want to do business with the Soviets and abhor the idea of economic warfare.

Maybe Reagan will be able to resist these powerful forces. Maybe he'll be able to persuade the European leaders to go along with an economic squeeze on the Soviet Union instead of a costly military buildup.